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MONETARY SYSTEM OF NOUVELLE FRANCE.

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The annals of the monetary system of Nouvelle France were very simple indeed if the amount of accessible material concerning them is a fair indication. The period under consideration was one when credit was insecure, and the primary functions of money were little understood. Not only were its fundamental uses misunderstood, but added to this were the evils of coin debasement and over-issue of paper. Not in France alone was this economic fallacy found. The pernicious results attached themselves to all the European countries as well as their colonies. Two things contributed to accelerate the monetary evils in the American colonies of France. (1) General ignorance of the colonists regarding money matters, especially its issue. (2) Too free hand allowed the exploiting trading companies. It has often been said that the American colonies were not only markets for manufactured goods sent from Europe, but that they served for an experimental community in which economic and political theories might be tried out and examined with little injury to the mother country.

Although many of the colonists in Nouvelle France were attached to the soil and thereby raised the necessities of life, which enabled them to grow into a healthy community with little importations from Europe, and with little concern for a complex monetary system, yet one business, which soon overtopped all others,¹ that of fur

¹ "We come to a trade which absorbed the enterprise of the colony, drained the life sap from the branches of industry * * * * the hardy, adventurous, lawless fur trade."—Parkman, *Old Régime in Canada*, 303-15. Sulte puts it tersely thus: "La vérité est que Canada vivait de l'agriculture et que la traite la ruinait."—*Histoire des Canadiens-Français*. V. 23.

trading, demanded that some sort of a medium of exchange be devised. For immediate transfers on a small scale the skin of the beaver was both adequate and satisfactory. For payments large and far removed, something else was necessary, and this something else came in the form of certificates or bills issued by the colonial government at Quebec, or by the trading companies doing business in Nouvelle France. That these certificates were not always paid, and that many hardships resulted from such non-payment, is a subject to be treated later.

As in all new countries, this colony early devised means for facilitating exchange even without the consent of the authorities. When the first colonists had settled themselves and had begun to look around, they found that some forms of exchange were being used by the Indians.² As soon as it became apparent that the Indian currency was a real one and that furs and grain could be purchased with it, the settlers gained confidence, and with very little trouble slipped into the customs of their red neighbors. Although like the beaver skin itself, these mediums of exchange could be used only when the amount to be paid was small, yet they played an important part among the earliest settlers and should be considered seriously in any comprehensive investigation of the monetary system of Nouvelle France.

These substitutes for money are in a way but incidental to the real subject under consideration and could have influenced commerce very little. True they had a local importance, but between such places as Detroit and Quebec their use would have been a physical impossibility. Before taking up the question of real money issued either

² Taking North America as a whole, at least eleven kinds of money seem to have been in circulation among the Indians: (1) Lignite and coal money. (2) Ivory and bone money. (3) Terra cotta money. (4) Stone money. (5) Gold coins. (6) Silver coins. (7) Galena coins. (8) Copper coins. (9) Pieces of substance composed of such materials as lead, mica, shells, pearls, carnelian, chalcedony, agate, jasper, fossil, encrinites or stone lilies. (10) Scylates or concavo-convex copper disks. (11) Beaver and marten skins.

by the authorities or by companies with the consent of the king, let us look into the certificates of deposit which were given by the warehouse superintendents when furs were received. Closely allied to these were the bills issued in payment for the furs and which were to be guaranteed by the government or trading companies, whose name they bore, and were payable at a future time in lawful money.

To attempt to find and describe every incident of this character would be as impossible as it is unnecessary. The extent of the practice was great, and its influence was good or bad according as the bills and certificates were paid or not paid. Following out the general policy of trade and commerce as practiced in Europe, the king seconded by his council and the authorities in the colonies, attempted to make headway against the natural flow of supply and demand.³ In almost all of the grants to companies and farmers, it was expressly stipulated that a certain amount of furs should be receivable at the warehouses, and certificates issued for them.⁴ On account of of the law that prohibited the exportation of furs to places other than French, even when the French markets themselves were glutted and incapable of receiving further shipments, these receipts were many times almost valueless, and hard times came as a natural result. The bills were usually issued by the government, but there were cases when they were put out by trading companies, which had or were supposed to have, available funds in France. The former of these kinds of bills were usually paid, it is true, but many times after their value had been decreased by royal decree. To the king it was many times

³ Recognizing that this expression is time worn and often used meaninglessly, I have hesitated to use it.

⁴ In some cases the entire supply had to be taken. Under such circumstances it is not surprising that the supply far outran the demand. There are few better examples in America in illustrating the waste of natural resources. After a trading company composed of Canadians had been formed, the demand for furs fell off with the result that three-fourths of the stock in the warehouses was 'consigned to the flames. For reasons for decline in the demand for skins, see Parkman, *The Old Régime in Canada*, 304, ff.

more expedient to declare that all bills on the royal treasury should be paid in a debased coin or depreciated paper, than it was to pay them in the kind of money which they represented, and which the holder had every right to expect. Such actions were not so fruitful of bad results as one might be led to expect, although at times conditions resulting from the acts were deplorable. Part of the sting of repudiation was taken away by the fact that the Indians paid more for their goods than they were worth, and they in turn threw the loss on the beavers themselves. Nature furnished the commodity, and man took it for the asking. Where profits are as enormous as they were in Nouvelle France, in the fur catching industry, during the seventeenth and eighteenth centuries, much of the wealth represented by the commodity producing the profit may be taken away without causing any real and wide spread hardship. It is possible that the king and his advisers considered the question in this light and thus justified their actions in the matter.

From the very beginning of the colonies, in fact dating from the arrival of the first explorer, there were more or less coins in Nouvelle France. Selecting almost any date in the history of the colony, one would find that the gold and silver money fell into four general classes: (1) French coins. (2) Foreign coins. (3) Coins issued by the trading companies. (4) Coins minted expressly for the colony in America. Of these classes most is known about the first. More of it was in circulation in the colonies, and this circulation was regulated, rather to say an attempt was made to regulate it, by the French government, and consequently an account of it more or less complete has come down to us. The history of the vicissitudes through which the hard money of the French colonies went may be read tolerably accurately in the history of the financial activity of France. To one uninitiated in the subject, and in its manner of treatment, it is not an

easy task to pick out and classify the acts that had the greatest effect on the finances of French America.⁵

To get a thorough understanding of the monetary conditions in Nouvelle France, it is as necessary to study the economic philosophy current during this time, as it is to look into and interpret the available statistics. To gather the latter and apply twentieth century standards to them would be to miss the mark. Living at a time when money has an absolute value so far as its weight and fineness is concerned; when all paper is promptly paid on demand, we are likely to place too much emphasis on the evil results due to an unstable and unsound currency. Accustomed to the ever recurring changes of the value of money, as well as to the frequent repudiation by royal decree, the merchants and traders of Nouvelle France made themselves safe by a wide margin of profit.⁶

One other caution is necessary before taking up the question of the legislation affecting the coinage and re-coinage of gold, silver, and copper, and the issuing of various kinds of paper money. The idea that value could be given to a commodity by stamping or printing was not a new idea then, nor is it unknown at the present day. Without going into the theory of money, most people are ready to agree that the value of any commodity as a medium of exchange depends upon the willingness of the people to receive it in exchange for goods and services. Yet this fundamental principle was violated time and time again in Nouvelle France as well as in the remaining American colonies. Another fallacy that affected the amount of money in Nouvelle France was the prevailing idea usually called the mercantilist theory. In the endeavor to keep as much money as possible—gold and silver—within France, the colonies were often

⁵ These may be found in *Edits et Ordonnances*.

⁶ There seems to be a general agreement that the English traders sold the same quality of goods cheaper than did the French.

times almost destitute of specie. Although it was a common occurrence for the King's council to declare that French coins should have no circulation in the colonies, there is but one incident, so far as I have been able to find, which shows that Canadian hard money was prohibited to circulate in France. In the mad race with England and Spain, France jealously guarded her treasures of metal even at the expense of the well being of her own blood across the sea.

With no pretention of scientific sequence, let us examine the situation a little more closely and see if possible the trend of affairs as it effected gold and silver coin. We learn from Sulte, that prior to 1668 not more than 111,000 francs of silver coin had been imported into the colony.⁷ Four reasons may be given for such a poor showing: (1) Relative poverty of the inhabitants. (2) Strong influence of the mercantile policy. (3) Fear of losing the coin by seizure by pirates and public enemies in times of war.⁸ (4) Fear of losing the coin by shipwreck.

It must be kept in mind that the amount mentioned above was brought in, but no account whatever seems to have been taken of the amount returned, lost or put out of circulation by other means, such as being hoarded, melted down or sent to the English colonies.⁹ It was a fact lamented by the Jesuits and others, that the importation of luxuries and other non-necessities caused money to be sent to Europe for them, especially when

⁷ Silver was the standard at that time.

⁸ As to the number of specific instances of capture, I have no data. "L'ete de 1755, trois vaisseaux francais, le Lys * * * surpris par les Anglais tomberent au pouvoir de ceux-ci. De fortes sommes d'argent destinees au Canada furent enlevees avec ces navires."—Sulte, VII., 94.

⁹ There was a constant temptation to buy goods from England and Holland through the English colonies on account of the difference in price between them and French goods. The inhabitants of Nouvelle France, were often prohibited from trading with these people. A lack of coin in the colonies prevented foreign trade.

there was a glut in the French fur market. Taking these things into consideration, one is led to believe that at the end of the sixth decade of French colonization in America, the amount of coin to be found in Nouvelle France was quite insignificant. No statistics regarding the amount of coin brought in after the year 1668 are at hand, but that it was always scarce, is evidenced by the fact that each new arrival of troops was heralded with joy, on account of the amount of hard money brought into the colony by them. Especially was this true when the officers had means other than their salaries. Money—almost universally gold and silver—was brought into the colony at times when the hold of France in the New World was threatened.¹⁰ Any money except coin would have had little value in carrying on war. The very circumstance—war with Great Britain—which tore Nouvelle France, from the mother country, always caused a flow of hard money into America, which, in amount, was sufficient to bolster up the ever declining currency. Notwithstanding the favorable attitude of the settlers toward the King and mother country; notwithstanding the abiding faith of the inhabitants in any kind of paper money so long as it bore the royal crest, some gold and silver possessing an inherent value, was necessary to serve at least as a basis of some kind of a credit system.¹¹

Under the able administration of Louis XIV and his ministers, the question of money, both as to its supply and relative value, gave little cause for serious disturbances. With the death of the Grand Monarch, and the accession of a mere child surrounded and inspired by warring factions, the question of both gold and silver, and paper money became paramount. In issuing coin,

¹⁰ "Vers le milieu de mai 1756, le marquis de Montcalm arriva de France * * * * (et) il apportait aussi des vivres et un million quatre cent mille francs de munieraie."—Sulte, VII., 95.

¹¹ France was far behind England in this respect.

three important things demanded the attention of the authorities: (1) Its value. (2) How to prevent its exportation. (3) How to prevent its passage to the arts through the melting pot.¹² To complicate the matter somewhat, an attempt was made to give to coins an increased value in the colonies.¹³

In the *Edits et Ordonnances* one finds that rents and all kinds of dues are scheduled at a different amount according as they were to be paid in this or that kind of money; and nothing goes to show that the colonial currency was depreciated to a degree higher than the appreciation in the French coin. As early as 1663, it was ordered that specie should circulate in Nouvelle France, at one-third advance over its so-called French value. Such legislation was initiated by the council at Quebec, and sanctioned by a royal decree.¹⁴

So far as I have been able to find there was little legislation regarding the value of coin in the colonies before the death of Louis XIV. By the second decade of the eighteenth century, the larger coins, measured by the standard livre, were passing current at a much appreciated value. In 1719, the King ordered a recoinage of gold, and fixed the louis at twenty-five livres.¹⁵ The next year, in order to encourage commerce and to lower the price of necessary commodities—so the King says—the gold louis was further lowered from twenty-five to twenty-four livres. Just what means were employed to keep the possessors of goods from increasing their prices some four or five per cent to meet the depreciation, is conjectural. During the next decade legislation came almost without end. In 1721, disdaining not to meddle in

¹² At this time England allowed conversion of coin into plate.

¹³ Repealed in 1717. See *Edits et Ordonnances*, I., 371. We have evidence that the price of goods increased with depreciation. *Ibid*, 393.

¹⁴ Sulte, IV., 30, V., 28; *Edits et Ordonnances*, I., 492.

¹⁵ *Edits et Ordonnances*, I., 400. 2 *Ibid.*, 436.

small things, an ordinance reduced the copper sol from twenty to eighteen deniers, and the liard from five to four and one-half deniers. Again, in 1724, the King tried his hand in giving to the coin a stability, which seemed necessary to the trade and commerce of the colonies. In spite of the many ordinances of the King prior to this time, the value of a gold louis had risen to twenty-seven livres. Thinking no doubt that a fresh order would carry more weight, it was declared by the King and council (1724) that the louis should be henceforth received and paid out as equivalent to twenty-four livres. It must be kept in mind that the authorities of France were not entirely responsible for such legislation; it followed the prevailing economic philosophy, and conformed to the practices of the most enlightened European countries.

In 1720 the king ordered a recoinage of gold and silver money. The better to enforce the acceptance of coin, which, I suspect, was lighter and more adulterated, it was ordered that any one receiving money of previous issue should be punished. To encourage spying, it was also ordered that the informer be given one-half the fine imposed and one-half of the amount of any confiscation made on account of such acceptance. To prevent exportation, all persons were prohibited from taking coin out of France and her colonies without the written permission of the king. Quite unlike conditions in England at this time, jewelers and goldsmiths were prohibited from using the coins in the arts, and for so doing, a penalty of life servitude on the galleys was imposed. Six years later the king ordered a new issue of coin, in order that a profit—so he states frankly in the edict—might be made to apply to the expense of the colonial governments. To secure the circulation of the issue, it was ordered that all old coins—French and foreign—should have no circulation whatever in the French domain. All such outlawed money was receivable at the royal mint at a fixed price,

which price had a downward movement varying directly with the time from the issue of the edict. As a further means of displacing old coin it was subject to confiscation.¹⁶

Every such re-coinage had in view the mother country, and whatever effect it had on the colonies was more or less incidental. However slightly these acts may have influenced the struggling colonies in America, they were the basis of her monetary system and must be recorded.¹⁷

No one understood better the situation in Nouvelle France than Talon, for he occupied a position from which he could and did see the evil effects of a restricted and unstable money system. Many of the cases that came before him related to the payment of debt, such payments being made or tendered in a money quite different from the kind intended in the contract. Being a man of large interests, he advised the king to permit the Company of the West Indies to issue 100,000 livres of copper, which should have circulation only in Nouvelle France.¹⁸ During the next reign, 150,000 marcs of copper were coined and confined exclusively to the colonies. The last act was the direct result of an investigation of conditions set on foot by the Superior Council of Quebec. Despite the edicts of the king, that these issues should have circula-

¹⁶ *Edits et Ordonnances*, I., 428, 492, 499.

¹⁷ Acts of this character are very few, and the references in this article exhaust the subject in E. et O.

¹⁸ "We are more fortunate in the existence on an authentic record of the authority by which these coins were issued, than in the preservation of the coins themselves, as we have met with but one denomination of the silver pieces, that of the five sous of which we have seen only two specimens and these from dies slightly differing."

"In LeBlanc's Historic Treatise on the coins of France, it is mentioned on page 304 that under Louis XIV government * * * * * were struck for Canada, special coins namely in silver, fifteen sous and five sous pieces * * * and of pure copper, doubles or pieces of two deniers * * * the silver pieces are of the year 1670 and familiar. Unknown on the contrary are the doubles and a more exact description of them would be highly interesting."—Crosby, *Early Coins of America*, 133-4.

tion only in Nouvelle France, it is stated in the second edict that the first had been violated.¹⁹

Although it is obvious that foreign coins would be brought into the French colonies by traders and by immigrants from the Dutch and English colonies and Europe, there is one recorded incident at least when the presence of such coin called forth an edict from the king.²⁰ By 1681 so much of this coin had been brought into the French colonies that its circulation was seriously impeding commerce and trade, on account of a lack of some definite standard. In that year the Superior Council passed an *arrêt* in which the value of foreign coins was to be expressed in the common French units familiar to the people.

Regarding paper money, there are few edicts and *arrêts* in the sources at hand. Most of them were promulgated for the purpose of either authorizing its issue, or for fixing its value for some fraction of the amount called for on its face. In 1717, an edict was made at Paris, which ordered a new issue to be made for the purpose of defraying the expenses of garrisoning and administering Nouvelle France. Accompanying this was the order that all paper money of a previous issue should be circulated at half its face value. To prevent abuse, Intendants and Governors were prohibited from issuing paper money in the future. On account of the various kinds of money in the colonies—both specie and paper—many disputes arose as to kinds of money required in the payments of debts. It was natural that the debtor and creditor should wish to settle with cheap and dear money respectively. To put an end to such controversies, it was ordered in 1717, that in the future all rents, etc., should be computed on the basis of French coin.

Even such a brief and inadequate account of the monetary system of Nouvelle France as this, would be incom-

¹⁹ *Edits et Ordonnances*, I., 522.

²⁰ *Ibid.* II., 90.

plete without a mention of the so-called "card money." It derives its name from the fact that common playing cards were cut into four equal parts, and, after being signed by the proper colonial officers, circulated as money throughout the colonies.

To conclude one may say that Nouvelle France suffered, as did most of the world at that time, on account of an unstable and insecure system of finance. Explorers, traders and settlers found a simple monetary system and adapted it to their needs, demanding nothing more complicated until trade had expanded beyond the limits where exchange in kind and token money suffice to carry on trade. Being far removed from the mother country; scattered over millions of acres of trackless forests; opposed by a resolute and uncompromising enemy on the south and east, it may be expected that trade would languish and even finally disappear, unless supported by monetary system both extended and stable. Yet we know that the French trade spread out until it extended over the greater part of the country west of the English colonies along the coast; an extension made possible not by the niceties of a complicated system of trade, but by the enormous profits paid in the final analysis by nature herself.